

ADV PART II

Aegis Financial Advisors, Inc.

300 Maitland Avenue

Altamonte Springs, FL 32701

This brochure provides information about the qualifications and business practices of Aegis Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (407) 831-3660 and /or jbmeier@aegisadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Aegis Financial Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS

1. Advisory Business
 - A. Services
 - B. Clients
2. Fees and Compensations
 - A. Asset Management
 - B. Planning and Consulting
 - C. Other Costs
 - D. Implementing Recommendations
 - E. Conflicts of Interest
3. Methods of Analysis
4. Disciplinary Information
5. Other Financial Industry Activities and Affiliations
6. Code of Ethics
7. Brokerage Practices
8. Review of Accounts
9. Client Referrals
10. Custody
11. Investment Discretion
12. Voting Client Securities
13. Other Information

1. ADVISORY BUSINESS

AEGIS Financial Advisors, Inc. is registered with the U.S. Securities and Exchange Commission as an investment advisor. (Registration does not imply a certain level of skill or training.) In addition, Aegis Financial Advisors files information reports with the State of Florida.

Aegis Financial Advisors provides a high level of professional service to its clients. Our service is advice, and advice can be no better than the knowledge and experience of the professionals providing it.

Planners affiliated with Aegis Financial Advisors have earned the designation of Certified Financial Planner™, an equivalent professional designation, or related advanced degrees. In addition, planners must meet the continuing education requirements set by the International Board of Standards and Practices for Certified Financial Planners. Every advisor must also hold all required securities registrations for any investment about which he or she gives advice.

Aegis has served, primarily, individual investors since registering in 1991. Jerold R. Meier, CFP is the only shareholder-officer within the corporation.

A. *Service*

1. *Comprehensive Financial Planning*

Comprehensive financial planning involves the development and implementation of a coordinated strategy for achieving overall financial goals. Everything that has impact on an individual's financial situation is considered in a comprehensive plan.

The preparation of a plan providing analyses and recommendations is the central focus of the planning process. A comprehensive financial plan involves many activities, including, but not limited to, gathering data, establishing goals, analyzing information, making recommendations and implementing the plan. This process can take as long as six months in the initial stages.

Once implemented, the plan needs periodic review and revisions. This review process allows for changing circumstances and needs of the client, as well as investment tracking and comparison. This aspect of the planning process varies in intensity, depending on the magnitude and speed of changes in the clients' situation and in economic conditions.

2. *Asset Management*

Aegis Financial Advisors provides asset management service for clients who desire professional assistance in managing securities. Generally, an investment policy statement will be developed for assets to be included under the management agreement. This service includes tracking and review of investments, evaluation of information regarding specific assets, and advice regarding alternative investments and reinvestment of distributions. Asset management is characterized by performance reporting as well as measurement against benchmarks established by the

planner and client. Reports to clients are issued when there is a perceived need for changes in the account or more frequently, depending on the needs and desires of the client. The asset management service is especially helpful to clients who are managing assets acquired through inheritance, insurance proceeds, or lump sum distributions from retirement plans.

3. Specific Analysis and Financial Advice

In some instances an Aegis Financial Advisor planner may provide analysis and make recommendations on specific areas of concern for the client. Typically these areas of concern include analysis of current financial situation, cash flow, debt management, income taxes and recommendations for funding specific goals.

4. Consulting

There are situations in which an Aegis Financial Advisors planner provides advice on specific topics not involving a comprehensive financial plan. Typically these situations are associated with events such as divorce, death, retirement, or a child entering college.

B. Clients

Aegis Financial Advisors currently has approximately 175 clients. Most are individuals who fit into one or two categories -- either they are engaged in careers with rising incomes and expanding economic opportunities, or they are retired or contemplating retirement and are concerned with having their assets work for them.

We provide asset management services for our clients on a non-discretionary basis. Recommended changes are discussed with clients, in the context of their goals and objectives. Client restrictions, if any, are considered when developing the recommendation.

Each client portfolio is structured to the specific client, their goals and objectives, and risk perceptions. While accounts will have similar or identical securities to other accounts, the composition will be unique to the individual client.

At December 31, 2014, Aegis had approximately \$113,000,000 in assets under management. Only personal and related party assets are managed in a discretionary manner. All client accounts are non-discretionary.

2. FEES AND COMPENSATION

A. Asset Management

Asset management services are provided for a fee based upon a percentage of assets under management. This fee is generally $\frac{1}{2}$ of 1% annually, payable on a quarterly basis for account

values up to \$500,000. In all cases, the fee is negotiable, and portfolios above \$500,000 in value will generally have a lower fee as a percentage of the assets under management.

All asset management fees are collected in arrears. Clients have the option of being billed for the fee or having the fee deducted from their assets.

B. Planning and Consulting

Our planning fees are negotiable and vary according to the complexity of the plan. The fees are generally based on 1% of gross income that has not been affected by the planner's advice or of the "manageable assets", whichever is greater. Fees are adjusted up or down according to the particular complexities or relative simplicity of a given situation.

Should the client desire, financial planning services are billed at our regular hourly rates. We do not have a minimum fee for financial plans but do charge for personal consultations at the rate of \$75 to \$150 per hour, payable within two weeks following the consultation.

For financial planning services, we require a portion of the fee when our client presents us with the data and signs the agreement for the written financial plan. The balance of the fee is payable upon completion of the financial plan. Either party may terminate the agreement for a financial plan by written notice within five days of execution of the agreement. In this case, the initial fee paid will be refunded in its entirety to the client.

If within 15 days following payment in full, the client is not satisfied with the plan and it cannot, within reasonable time, be modified to the clients' satisfaction, then upon written notice, 50% of the fee will be refunded.

Annual renewal fees may be based upon anticipated level of effort in all planning areas. In some cases, commissions received by associated persons may offset a portion of the fee. The offset will be applied in coordination with the billing cycle of these contracts.

Annual renewal fees are charged and received on a quarterly or semi-annual basis in conjunction with client reviews. Fees are fully disclosed in writing to clients before execution of renewal contract and are refundable if client chooses to terminate on-going services.

C. Other Costs

Mutual funds are frequently recommended. The client is advised and should be aware of the fact that mutual funds have internal management fees and expenses, and therefore the management fee becomes an added fee. Thus, two management fees are paid for those assets invested in mutual funds. The mutual funds' fees are retained by the fund or the fund family.

We recommend only "no load" mutual funds or funds that will waive the load for our accounts.

Clients may be charged transaction fees in conjunction with purchases or sales of individual securities. These costs are usually low (\$7 - \$18) and are a charge by the brokerage firm for transacting the trade. This cost is retained by the brokerage firm.

D. Implementing Recommendations

Clients may choose to purchase recommended securities through other brokers or agents not affiliated with Aegis; we generally recommend that Fidelity Institutional Wealth Services serve as the broker-dealer/custodian for our advised accounts. Fidelity is not a related party of Aegis.

E. Conflicts of Interest

Aegis Principal Jerold R Meier, in his individual capacity, is also a licensed insurance agent with various insurance companies, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance-related products. Registrant's Principal and Associated Persons currently devote less than five percent (5%) of their time to life insurance commission business.

3. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Advice regarding investments is an integral part of our services. We look for value in investments. Consequently, our approach is basically fundamental and our strategies primarily long-term, matched to the needs and goals established by the planner and client. We give advice on most investments, including, but not limited to, stocks, bonds, certificates of deposit, life insurance, mutual funds, and annuities.

In formulation of our recommendations, we rely on data collected from financial newspapers and magazines, research reports and newsletters, annual reports, etc.

Philosophically, our portfolios are based, in part, on Modern Portfolio Theory, which allows us to construct balanced and diversified accounts with an emphasis on long-term total performance, consistent with any specific client's risk tolerance and/or financial goal. Results are compared to the risk and returns of the Standard and Poor's 500 stock index (S&P 500) as a way to monitor an account's performance, given market conditions. We use the S&P 500 because the data are readily available and the index represents a broad coverage of large US Corporations. The actual investment portfolios will not, in many cases, be a reflection of the S&P 500.

Strategically, we attempt to reduce risk by identifying groups of non-highly-correlated investments and holding them in the portfolio. This process should result in account that exhibits less volatility than the S&P 500 index and generally be expected to provide similar or better risk-adjusted total return over time. We use cash as a tool to further moderate risk, holding less for more aggressive accounts, holding more for more conservative accounts. This cash also serves as a source for short-term financial needs, allowing the long-term investment portion of the portfolio to stay invested without any need for major restructuring.

The actual volatility and return for each portfolio is evaluated at least on a quarterly basis to determine if these factors remain within the expected range. When a deviation from expected values occurs, we will recommend changes for the client's approval. After a portfolio has been initially invested, there are normally a limited number of transactions required to maintain the balance and diversification desired.

Brokerage transaction cost is reduced by not trading frequently. Equity securities should be viewed as longer-term investments; frequent trading can affect overall investment performance and expose the portfolio to greater risk.

Our portfolios generally have 70 – 85% of the assets in stock positions, either through individual securities, exchange traded funds, or mutual funds. Specific recommendations are based upon, but not limited to, certain factors such as account size, withdrawal rate, tax consequences, and a client's age/financial goal/risk tolerance.

The assets in the portfolios are financial securities. Any investment of this type involves a risk of loss, not only of income but of investment dollars which the investor client must be prepared to bear. An extended period of market uncertainty or economic recession could result in significant loss of value.

4. DISCIPLINARY INFORMATION

Aegis Financial Advisors, Inc. and all associated persons have not been subjected to any past or pending disciplinary actions.

5. OTHER AFFILIATIONS

Jerold R. Meier is also a licensed Insurance agent, and may recommend, on a fully disclosed basis, the purchase of certain insurance-related products.

If requested, we may provide referrals to accountants, attorneys, or other professionals. These are made based upon the service provided and expected ability to meet a client need. We do not receive referral fees, nor do we provide a fee to persons who may refer prospective clients to us.

6. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. As SEC-registered advisors, Aegis has developed a code of ethics for our employees. In general, this code prohibits:

1. Employment of any device, scheme or artifice to defraud a client;
2. Any untrue statement of material fact or material omission in communications to clients or the public; or

3. Engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon a client

Upon request, we will provide a copy of our code of ethics to any client or prospective client.

- B. We do not recommend, buy or sell securities for clients in which we have a material financial interest.
- C. We may buy or sell the same securities in our account that we recommend to clients. To avoid conflicts of interest, we restrict trading in our accounts for securities that are being traded in a client account.
- D. Additionally, The North American Securities Administrators Association (NASAA) has issued a Statement of Policy Concerning Unethical Business Practices of Investment Advisers. Many state securities administrators use this Statement to evaluate the ethics of regulated advisers. We have incorporated this policy in our Code of Ethics. A copy is available upon request.

7. BROKERAGE PRACTICES

We will arrange for the execution of securities brokerage transactions for the account through Fidelity. In seeking best execution, the determinative factor is not lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealers' service, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although we will seek competitive commission rates, we may not necessarily obtain the lowest possible commission rate for account transactions.

Clients are encouraged, but not required, to establish an account with Fidelity. Aegis Financial Advisors, Inc. has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides Aegis with "institutional platform services". The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist Aegis in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The client may direct Aegis to use a particular broker-dealer (subject to our right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that

broker-dealer and Aegis will not seek better execution services or prices from other broker-dealers. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the accounts than would otherwise be the case. In the event that transactions for client accounts are executed through a broker-dealer that refers clients to Aegis, the potential for conflict of interest may arise.

We do not receive specific soft dollar benefits from Fidelity or other brokerage firms.

Additionally, we receive no client referrals as an incentive to use Fidelity or any other brokerage to hold client assets.

8. REVIEW OF ACCOUNTS

Client accounts are specifically reviewed quarterly or semi-annually, based upon the client billing cycle.

For asset management accounts, a performance analysis is provided. This report details the cumulative and average annual compound total return for each of the clients' accounts. It also provides a detailed performance of each financial asset in the account. The asset, name, cost basis, current value, cumulative and year-to-date income and cumulative and annual compound total returns are provided.

A brief written assessment of the account is provided. This also identifies recommended changes to the account, which are discussed with the client. Reviews are conducted by the associate who is primary on the account.

9. CLIENT REFERRALS

We will refer clients to other professionals upon request or if circumstances indicate a need. We do not receive compensation from the other professional nor, do we request compensation.

We also do not compensate anyone for referral of prospective clients.

10.CUSTODY

As previously discussed, we prefer that clients' assets be held at Fidelity. Fidelity provides statements to clients at least quarterly. Most clients receive monthly statements from Fidelity.

We urge clients to compare our reports to the Fidelity, or other brokerage firms' independent statements.

11.INVESTMENT DISCRETION

We do not accept discretionary authority to manage client accounts.

12.VOTING CLIENT SECURITIES

We do not accept authority to vote client securities. Clients will receive proxies and other solicitation material directly from Fidelity or the brokerage holding their securities.

13.OTHER INFORMATION

As previously discussed, fees are received in arrears, whether paid directly by the client or deducted from client assets.

We also do not accept discretionary authority on client accounts.

Aegis or its affiliated persons have not been the subject of any bankruptcy proceeding.